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A CALL to ACTION

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Review of Pool Objectives Since 1924

The latest figures for the present crop year show that Pool handlings to date have been well over 80 million bushels. This is a lot of grain, but it is, nevertheless, less than half of the total deliveries for the Province. The Pool owns about 30% of the elevators in the Province. This is a good record, but it can be greatly improved. Since the formation the Wheat Pool has had a twofold objective:

1. To ensure for the producer of wheat adequate prices, orderly marketing of the crop, and efficient handling service—in short, stability and a fair living standard.

Producer and
Consumer
Protected

2. To ensure to the consumer of wheat that he receive his supplies regularly, at reasonable prices whether in times of plenty or scarcity, and at prices which, while giving the farmer a fair living, are not swayed by excessive costs of handling and distribution.

As a truly co-operative organization, the Wheat Pool rejects the idea that in the business of making a living one man's loss is another man's gain. It believes that the only true view is that all gain together when goodwill and co-operation are the rule.

The Wheat Pool believes that farmers who do not deliver to the Pool are doing themselves an injustice, besides holding the Pool back and preventing it from being as effective as it might be as a farmer organization. It believes that if growers had a better understanding of what the Wheat Pool has done and is doing in their interests that the present level of Pool support would be raised very considerably.

It has become increasingly clear that there is insufficient knowledge today among the farmers of Saskatchewan of the contributions made in recent years by the Saskatchewan Wheat Pool for the benefit of the farmer. Among other activities, it has worked:

1. To secure better price and other agricultural policies by government.
2. To give low-cost, efficient elevator service.

In both these lines the efforts of the Wheat Pool have been successful to a great extent. With more support, still greater progress is possible. Here is the record:

THE ON-TO-OTTAWA DELEGATION

What happened during the years of the war cannot be fully understood without recalling that during the thirties the necessity for orderly marketing of the Western wheat crop and for a price for wheat which would cover his costs became more than ever clear to the farmer. Obviously, the free, specu-

lative market, the heart of which is the grain exchange, was powerless to help. You can't have orderly marketing and price stabilization and at the same time have a speculative market.

The first principle of Wheat Pool policy is that the farmer should get a price for his products that will give him a fair share of the national income, which means that agricultural prices must bear a fair relationship to the prices of the things the farmer must buy. The Pool organization has since the beginning of the thirties consistently and persistently, year in and year out, urged that the Dominion government set up a permanent central marketing agency as the sole agency for the marketing of wheat, and coarse grains also, but especially wheat. Such an agency, represented today by the Canadian Wheat Board, should always be prepared to buy wheat at a guaranteed minimum price, limiting its purchases, if necessary, not by control of seeded acreage, but by the use of a delivery quota worked back to the individual farmer on an acreage basis.

As the market for wheat became more and more chaotic and restricted during the pre-war years it became evident also that what was needed was an international wheat agreement which would bring order out of chaos by agreement on markets, production and price between exporting and importing countries. A National Wheat Board, incidentally, is a necessary requirement for fulfilling the terms of such an international agreement.

These two things, a national wheat board and an international wheat agreement, are the basic and complementary parts of the Pool wheat policy.

Coming to the war years, we find Canada entering the war with a sizable surplus of wheat which continued to grow until July 31, 1943. The first year of the war saw the lowering of the Wheat Board initial payment from 80c to the disastrous level of 70c. This initial payment stood for three years until July 31, 1943, while nearly everyone enjoyed higher wages and higher prices except the wheat farmer. The incalculable value of our wheat reserves was clear to anyone who could look ahead to the day of peace and the liberation of Europe, or who realized the danger of crop failure to world food supplies. The open market reflected only the temporary surplus situation—not the value of the wheat.

Each year, while the 70c initial payment was maintained, the situation grew more absurd, unfair and costly for the wheat farmer. His costs continued to go up as prices of the things he had to buy rose, and feeling ran high. Repeated representations by the Wheat Pool and the Canadian Federation of Agriculture did no good. After 10 years of depression and accumulating debts, the farmer felt strongly that the situation was intolerable. The 1941 annual report of the Wheat Pool stated:

"Government wheat policy to date has been a policy of infinite opposition to the recommendations of representative farm organizations."

Beginning in the fall of 1941 the Wheat Pool set out to let the people know just what was happening. Mass meetings were held and finally a petition was circulated for which more than 185,000 signatures were obtained. These 185,000 people not only signed the petition but contributed some \$43,000, an average of 24c per person, to finance a delegation to Ottawa. The Province was organized for the election of members of this delegation, and in February of 1942, 300 farmers and 100 business and professional men took two special trains to Ottawa to meet the Prime Minister and the Cabinet. Briefly, the petition requested:

1. Recognition of the parity principle for agricultural prices.
2. That no price ceiling be established below parity levels.
3. That equitable wheat delivery quotas be established and continued as long as required.
4. A Wheat Board initial payment of at least \$1 a bushel and participation payments to bring the final price to parity.
5. Establishment of a national emergency war reserve of the July 31, 1941, wheat carryover, with all sales in the new crop year made out of current deliveries.
6. Amendment of the Prairie Farm Assistance Act to give adequate crop failure protection regardless of market price or the extent of crop failure areas.
7. Changes in agricultural policy, extending to international agreement, which are necessary to conserve our soil and prevent surpluses, and at the same time maintain continuity of supplies.

What were the results of the petition and the efforts of the delegation?

The Ottawa delegation and the campaign that preceded it brought home to the people of Saskatchewan and Canada this fact: that Canada could not afford to let a great food-producing region like Western Canada be impoverished, and its productive capacity endangered, by a failure to recognize the need for positive government policies which would ensure a fair return to the farmer for his labor.

As shown in government policy for 1942-43 the results of the delegation were:

First, an initial payment of 90c a bushel was established—still not an adequate price, but better than the 70c

of the three preceding years. Minimum prices for oats and barley were set. A floor price of \$2.35 was guaranteed. The P.F.A.A. was amended to remove the requirement that the price of wheat be below 80c for an emergency year to be declared. Wheat acreage reduction payments were continued with modifications.

This policy shows that some results were obtained, though not by any means all of the delegation's requests were granted. The most important thing was the increase in the initial Wheat Board payment.

There is little doubt that the bumper crop of 1942 would have depressed the market well below 90c had it not been for the new government policy.

The On-to-Ottawa campaign was an impressive example of the willingness of Saskatchewan people to work together for a common goal—and an example also of the great value of having an organization like the Wheat Pool which can speak for the farmer, and act for him. On the other hand, look at this quotation from the 1942 Annual Report of the Wheat Pool, commenting on the delegation:

"On the reverse side of the medal, other disaster companies were told a tale of woe and flooded the country with letters to grocers claiming credit for the things that had been delivered; accused the Wheat Pool of sending its war obligations, and tried to win the growers away from their loyalty by announcing various schemes that smacked faintly of the payment of postage dividends."

This after years of inaction or positive opposition on their part to the crying needs of Western agriculture.

To bring the story up to date: The Winnipeg futures market for wheat was closed in the fall of 1943 and the Wheat Board became the sole agency for the marketing of Canadian wheat. An initial payment of \$1.25 a bushel for No. 1 Northern was established, and this still stands. The closing of the wheat futures market was a long overdue move, and one entirely necessary for the proper handling and sale of the crop. The new and sound attitude to agriculture, that of looking at it as a world industry of the first importance which must be used to the fullest for the feeding of all the world, which is embodied in the United Nations Organization on Food and Agriculture, make it absolutely necessary that there be no return to the speculative market. A permanent Wheat Board for all grains, and an international wheat agreement, are essential to a sound marketing program.

A guarantee of at least \$1 a bushel for No. 1 Northern wheat until July 31, 1950, has been given by the government. While a guarantee is highly desirable, it is to be remembered that the present Wheat Board initial payment of \$1.25 is, considering the present cost of production of the farmer, the minimum acceptable. There should be

no lowering of this figure without a reduction in the cost of the things the farmer must buy.

BASIC PRINCIPLES OF A SOUND AGRICULTURAL POLICY AS ADVOCATED BY THE WHEAT POOL.

1. All grains should be handled by a single central marketing agency—the Wheat Board.
2. International co-operation is essential to the orderly and sound marketing of agricultural products. In particular, an International Wheat Agreement is indicated as a highly desirable, in fact an essential, development.
3. Farmers should receive prices for their products sufficiently high to give them a fair share of the national income. This is, basically, the more thing as a demand for parity price.
4. Prairie grain growers should be protected from the risks of complete and partial crop failure by an adequate scheme of crop insurance.
5. Price policy should be laid down far enough in advance that farmers are enabled to plan their farm activities without fear of sudden price upsets.
6. A well-developed program of conservation is an essential part of any agricultural policy.
7. Control of acreages needed to wheat is not practicable in view of variable yields. Rather, when and if the amount of wheat to be put on the market must be limited, the use of delivery quotas for individual farmers is not only most practical, but gives maximum freedom to the individual farm manager.

THE POOL ELEVATOR SYSTEM

Saskatchewan Pool Elevators Limited is a subsidiary of the Saskatchewan Wheat Pool and a co-operative enterprise. This means that it is owned, and operated, by the farmers who deliver grain to it. Every member of the Wheat Pool has an equal voice in the running of the system, and every member who delivers his grain to a Pool elevator pays for this service only what it costs, any overcharge being returned to him in proportion to the volume of his deliveries. It is the farmer's own business, to make of it what he wishes.

The Advantages of Delivery to Pool Elevators

What are the advantages of delivery to Pool elevators? These can be very simply stated:

1. The Pool elevator system in Saskatchewan is organized to give efficient service.
2. The greater the volume of deliveries made to it, the lower is the per bushel cost at which the Pool elevator system can operate. Further economies therefore depend upon increased output.
3. A strong elevator system means a strong Wheat Pool and a strong Wheat Pool means strength for organized agriculture.

Pool Elevators Mean Farmer Strength

A bushel of wheat delivered to a Pool elevator is strength for the organized farm movement in Saskatchewan. A bushel of wheat delivered to a line elevator is a blow to the strength of that movement. Moreover, through its system of elevators, with their agents, a widespread source of contact between the Wheat Pool and its members is provided.

Our Record in Dealing With Handling and Storage Charges

Perhaps next in importance to the question of obtaining a fair price for farm production is the matter of country elevator handling tariffs and street handling spreads. The record since the formation of the Wheat Pool shows that, whenever circumstances have justified it, handling spreads have been reduced. This is clear evidence of leadership which benefits not only the Pool but the non-Pool farmer.

Some line elevator companies have carried on a campaign of attack themselves; for instance, one elevator company in a letter addressed to its customers quoted the following: "A reduction of two cents per bushel in the handling rate for all grain was announced by the Pool companies effective on October 1 in Manitoba and Saskatchewan, and October 10 in Alberta, to be retroactive to August 1, 1944, the start of the crop season." Further on in the same letter it stated: "The Pools have cut charges to below the cost of rendering the service" and they imply that farmers might as well deliver to line companies as there will be nothing further coming back from Pool elevators.

During the 1941-42 season, handling charges paid elevator companies for handling Wheat Board wheat stood at 4c a bushel for the top grades and 3c a bushel for the lower grades, with storage charges of $\frac{1}{2}$ c per bushel per day. At the beginning of the 1943-44 crop year no agreement had been signed with the Wheat Board by the elevator companies. Consideration was being given by the three Pools to a lowering of handling and storage rates in view of the large carryover and the size of the 1942 crop, which it now appeared would be a record one. Finally, in Winnipeg, a flat rate of 3c for handling all grades of wheat was decided upon, together with a storage rate of $\frac{1}{2}$ c per bushel per day. An agreement on these charges was signed with the Canadian Wheat Board and the new 3c rate made retroactive to August 1. The line elevator companies, however, refused to sign this agreement. In July of 1943, before the end of the crop year, there was still no agreement signed by these companies and the Dominion government passed an order-in-council which forced the line companies to accept 3c per bushel in full settlement for handling Wheat Board wheat.

The next year, 1943-44, the same handling charge was agreed upon, but a further reduction in storage charges, to $\frac{1}{4}$ c per bushel per day was established, the Wheat Pools taking the initiative in this move.

From August 1, 1943, to July 31, 1944, Pool elevators in Saskatchewan handled 43% of the grain delivered, or just over 141 million bushels, and at

the charge of 3c per bushel for wheat, had a surplus saving for Pool members who delivered to Pool elevators of over six million dollars, or a return of 4½c per bushel as an excess charge. If the line elevators were as efficient as Pool elevators during that year, in which they handled 97% of the Saskatchewan grain delivered to elevators, they should have had a profit for their stockholders of over 10 million dollars from Saskatchewan alone. Yet they claimed 3c per bushel was too low.

In August of 1944 the Wheat Pools offered to handle Wheat Board wheat for 2c per bushel and at a storage rate of 1c for 60 days. The line companies objected and demanded a storage rate of 1c for 45 days. A compromise was finally arrived at and a storage rate of 1c for 55 days was agreed upon.

Late in September of that same year the Boards of the Three Pools met in Regina. Large quantities of grain were still in store in elevators; the bumper crop of 1944 was being harvested, the books had been closed, and the huge surplus of millions of dollars for the crop year 1943-44 was then known. As a result of this knowledge, a further reduction of 2c per bushel in handling charges was announced which meant a charge of 1c per bushel and an increase of 2c per bushel to the farmer. Once again the grain trade protested bitterly. Some line companies wrote letters to farmers in the country, and to the government, openly attacking the Pool, as has been indicated. As their spokesman, they used the North-West Line Elevator Association; and, on Monday, October 30, 1944, presented a strong brief to the cabinet at Ottawa demanding that the government take action against the Pools and claiming the charge of 1c per bushel was below the cost of rendering the service. However, the Pools continued to charge only 1c per bushel, and the line elevator companies were forced to meet this rate. Thus, during the crop year 1944-45, the farmers of this Province received over six million dollars more than they otherwise would have. Not only the Pool but the non-Pool farmer benefited. The audit of the Saskatchewan Pool books for 1944-45 shows net earnings of over \$2,000,000. This is hardly the loss that was indicated if line elevator charges were true.

In August, 1945, the Wheat Board called a meeting of all elevator companies to arrange a handling agreement for the season 1945-46. The picture was changed. Large amounts of grain had been exported, only a small amount was in storage, and there was a light crop in a large part of Saskatchewan and Alberta. Therefore, the Pools proposed a handling charge of 3c per bushel and a storage rate of 1c for 45 days. The line companies fought hard for the old handling charge of 4c and 8c per bushel and a storage rate of 1c for 30 days. The Pool officials stuck with their proposal. It was agreed to by the

Wheat Board, and the line companies had to accept the Pools' rate.

Generally speaking we have no quarrel with the local line elevator agents as an individual. But, we do differ with the policies of the line elevator companies who at every opportunity overcharge for their service to him to make profits for a few stockholders.

If more of our Pool members knew some of the facts pointed out here, they would not allow their friendship with a local line elevator agent to influence them to deliver their grain to a line company; rather, they would realize that the more grain that goes through the Pool elevator the cheaper it can be handled and the more money the farmer will receive, and at the same time this will enable the Pools to build up an organization strong enough to see that agriculture gets a square deal nationally and internationally.

Our organization would be more effective in dealing with officials at Ottawa if we received a higher percentage of the grain delivered in Saskatchewan.

A word would be in order, too, about the matter of discounts on lower grades and discounts from straight grades for tough, damp and other out-of-condition grain. In the years since the Wheat Pool was formed, these discounts have been substantially reduced, and the farmer is no longer penalized unreasonably for lower grade or out-of-condition grain. As an extreme illustration: on September 1, 1923, 1 Northern tough wheat sold at a discount of 1½c from the straight grade, and damp at a discount of 2½c. Today these same discounts are 3c and 1½c respectively. Such large spreads as those quoted from 1923 do not occur today.

Efforts During the Past Few Years to Make Pool Facilities Available to Membership

The work of Pool elevators in the field of actual construction during the war, aimed at giving better service to the grower, can be briefly summed up:

By construction of additional storage facilities:

1928:	448 temporary annexes were built with a capacity of -----	4,041,000 bu.
1930:	718 temporary annexes were built with a capacity of -----	27,100,000 bu.
Total 1,166		31,141,000 bu.

Further temporary country elevator construction was stopped only by order of the Controller of Construction.

By purchase or new construction from 1939 to date, an additional 46 elevators have been acquired. The present number of Pool elevators is now 1136.

In 1941, temporary storage facilities for 10,000,000 bushels of grain were constructed at Pool terminals.

The Problem of Car Allocation

During the 30s up to 1939 little difficulty was experienced with shortage of cars or elevator space, and the Car Order Book was not used to any great extent. From 1939 on, however, the problem of securing cars and elevator space became more acute. In August, 1940, the policy was adopted of allocating cars on a 30-car cycle, by which each 30 cars supplied at a shipping point would be allocated among elevators on the basis of their permanent storage capacity.

This policy did not take into account either the amount of temporary capacity supplied by the different elevator companies, or the desires of the producer as to which elevator he wished to patronize. The result was that Pool members, whose elevators normally handled more grain in proportion to storage capacity than did other interests, were often unable to deliver to Pool elevators and were therefore prevented from participating in the advantages of so delivering.

This situation was strongly protested by the Wheat Pool. When no improvement was made it was suggested that allocations of cars take into account temporary capacity also. A look at the record shows that whenever the situation eased and storage space became available, the percentage of deliveries to Pool elevators increased.

Finally on August 1, 1943, a new plan was announced. It provided for allocation of the cars provided at each delivery point on the basis of the percentage handlings of the various elevators during the base period 1936-39 and 1939-40. The plan was not officially put into operation until October of 1943, and on the grounds that the need for large shipments of grain were needed quickly there was little or no use made of the percentage of deliveries plan until December of 1943. Even after that there were difficulties and at some points the new plan never was made effective before its abandonment in May of 1944. The 30-car cycle had been obviously unfair to farmers who wanted to deliver to the Pool, and with restricted delivery quotas some equitable plan of allocating cars was needed. Allocation on the basis of percentage of deliveries was clearly the most equitable plan of allocation which had been devised, yet the North-West Line Elevators Association presented a brief to the government protesting what they said was the unfairness of the plan. The Association had not objected to the 30-car cycle, yet even the new percentage plan still did not make it possible, at most points, for Pool members to deliver as much grain to their own elevators as they wished. Neither policy was satisfactory as neither insured to the grower that he could deliver to the elevator of his choice, which is the ideal situation.

The Car Order Book was brought back into operation in May of 1944, and in

October of that year an order-in-council was passed respecting its use. This order provided that where a farmer enters his name on a Car Order Book and delivers and sells his grain before the car is delivered, he may transfer his right to the car to the elevator.

It is hoped that this provision will be incorporated into the Canada Grain Act. One of the things which will decide whether it is incorporated into the Act will be the use made of its provision by growers. Given co-operation from growers, it clearly makes it possible, in times of shortage of space, for farmers to deliver much more grain, if they wish, through a given elevator, than would otherwise have been the case. The provision of this order-in-council is a real step forward, but is one which requires the co-operation of Pool members with their elevator agents if full use is to be made of it. What is needed is a better understanding by growers of the use of the Car Order Book and a better knowledge of their rights respecting it.

The Return to the Grower from Pool Earnings

The Wheat Pool is a co-operative organization, and therefore the surplus earnings of Saskatchewan Pool Elevators Limited are returned, in accordance with co-operative principles, to the member in proportion to patronage. While lower handling charges mean a direct and immediate saving to the grower, the excess charges refunds which are returned to patrons of Pool elevators represent a gain just as real. From 1935 to July 31, 1945, over \$18,000,000 have been paid or credited to growers as excess charges refunds. In addition, some \$1,100,000 has been allocated to undivided surplus from the 1942-43 surplus, which will be available for allocation if not required for the payment of income tax. Clearly, the payment of excess charges refunds must be kept in mind when the advantages of delivering to Pool elevators are considered.

WHAT THE CANADIAN FEDERATION OF AGRICULTURE MEANS TO FARM AND TOWN IN SASKATCHEWAN

The Canadian Federation of Agriculture is a national farmer organization that during the 18 years of its life has gradually developed to its present position as the recognized voice of Canadian agriculture. That it does hold this position is seen by the fact that it is represented on all important government advisory councils and committees whose affairs directly or indirectly affect agriculture. The reason it has been able to attain this position is that it is as broadly representative of the farmers of Canada as is perhaps possible. Its membership is made up of a few major farmer organi-

C.F.A. United
Canadian
Agriculture

zations and the provincial Federations of Agriculture, which are in turn composed of organizations in the respective provinces having farmer membership. A large proportion of the member organizations are co-operatives, and a belief in co-operative enterprise is an outstanding feature of the Federation. Control of the Federation is exercised democratically by its member organizations, with the result that it not only appears on paper to represent the farmers of Canada, but does so in fact.

C.F.A. policy is developed by democratic processes. Individual associations

Co-operation
Begin to
C.F.A.

carry the recommendations of their membership to meetings of provincial Federations. Agreement on policy is again arrived at in these meetings, and the provincial recommendations then go to the Western Agricultural Conference (in the case of Western provinces). Finally, at the C.F.A. annual meeting, a unified national agricultural policy is developed and agreed upon.

The Saskatchewan Wheat Pool has been the leader in the development of the C.F.A. The steady and loyal support which it has given to the C.F.A. has been a major factor in its success. It would be difficult to exaggerate the importance to farmers, to farmer unity in Canada, and to Canadian unity, of the Canadian Federation of Agriculture. Its existence is a real asset to Canada's national life.

The C.F.A. maintains offices in Ottawa, where it keeps in close touch with all government affairs affecting the farmer (and this field is almost as big as the field of government itself, so vital is agriculture to the economic life of Canada). The outstanding annual event of the Federation is its annual meeting held early in each year, after which representatives of the Federation present the recommendations of the annual meeting to the cabinet at Ottawa. This has developed during the years into a regular event and one of great importance. Not only on this one occasion, but throughout the year, it is the job of the Federation to keep before the government the viewpoint of the farmer.

It would take too long to describe in detail the activities of the C.F.A. The following facts should give, however, some idea of their scope:

During the past year it held a seat on 18 government boards and advisory committees. Outstanding among these is the National Advisory Committee to the Agricultural Supplies Board, on which the president of the Federation holds the position of chairman. Other important committees and boards on which the Federation has a place:

The Board of Governors of the Canadian Broadcasting Corporation.

The Advisory Committee to the Canadian Wheat Board and the Canadian Meat Board.

The National Employment Commission.

The Central Committee on Demobilization and Rehabilitation.

The Central Planning Committee on Production Goals.

It also holds places on a number of special advisory committees to the Wartime Prices and Trade Board. It is of interest to note that a Federation representative is at present permanently attached to the War Assets Corporation in Montreal, to see that machinery and other surplus war material is made available to the farmer.

It is important to note that the C.F.A. was given important representation at both the Food and Agriculture Conference at Hot Springs, Virginia, in 1942, and at the F.A.O. Conference held at Quebec last year.

A list of the general topics upon which the last annual meeting of the C.F.A. made recommendations shows its wide range of interest. These are:

- Equity and Security in Farm Prices.
- Farm Income Tax.
- Domestic Marketing Legislation.
- Recommendations from the Dairy Farmers of Canada.
- Hog Policy.
- Long Term Livestock Policy.
- Shipping Cattle Shipments to the United States.
- The Quota System.
- Tax on Milk.
- Crop Insurance.
- Farm Labor.
- Cattle Investigation Report.
- Old Age Pensions.
- Domestic Gasoline Tax.
- Salary Revisions for Civil Service Employees in Agriculture.
- Daylight Saving.
- Meat Price Controls.
- A Board of Livestock Commissioners.
- Lack of Protein Feeds for Horse Raising.
- Soil Conservation.
- Canadian Wheat Board.
- Initial Payments on Wheat.
- Wheat Marketing.
- Making Barley.
- Drawback on Wheat to Millers.
- Farm Labor Service.
- Indian Welfare.
- Pensions for the Blind.
- Farmers' Holiday.

In conclusion, it should not be lost sight of that the Wheat Pool is a co-operative organization, and that the Canadian Federation of Agriculture is made up largely of co-operative organizations and subscribes to the principles of the co-operative movement. The outstanding principle of co-operation, which the Wheat Pool applies in practice, is that economic relations between groups should be established on a basis of fairness and goodwill, and not a competitive struggle for advantage which usually ends in everyone being poorer. While the Wheat Pool stands for security, stability and a fair share of the country's income for the producer, it also stands for regularity of supply, sufficiency of purchasing power, and protection against excessive prices for the consumer.